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My name is Wes Wagner. I am a third generation family farmer who grew up on the land that I now farm. I bought a stake in the family farm in 1976 and began my professional farming career almost thirty years ago. There was a deep drought that year and my dad paid me a wage and suggested that I begin again next year. I wish I could find a banker who is that forgiving. Back then, farming looked like a great way to make a living.

Even though my dad was frugal, he still managed to purchase a new vehicle every couple of years, buy a lake place, build a house and purchase almost 500 acres of farmland by the time he was 45 years old, but the mid-seventies were the pinnacle of our family's net profits. Costs were low and the price of wheat at harvest in 1975 was about \$3.00 coast.¹ It seemed that we could usually sell our wheat crop near \$4.00 coast by waiting for demand to increase.

The size of our farm doubled in 1968 when we bought a 1200 acre lease from the neighbor. During the 70's, our farm was able to purchase two new tractors, which were replaced with two bigger ones three years later. We added a third tractor the following year. I am still driving two of those tractors today. We also bought three new combines—average cost around \$12,500.00—two plows, two cultivators, a disc, a rod weeder, two trucks and drills. Fertilizer was \$.06 per lb of N, farm diesel was \$.17 per gallon and shipping grain to Portland cost a whopping \$.20 per bushel. Today, N is \$.34 per lb, farm diesel is \$2.20 and freight to Portland is pushing \$.60 per bushel.²

¹ Almota Elevator Co. historical records

² Almota Elevator Co., Gardner Oil Co. and NuChem

The 1980's began the steady decline that leads us to where we are today, wondering how we can continue to farm and why we would want to. In 1980 we purchased a new combine that cost \$40,000.00 after trade-ins. The following year we bought another which reduced the number of machines from six to four. I sold both machines in the last two years. In 1985 we expanded again and began self-service fertilizing, trucking our own grain to the river and using direct seeding practices to cut costs. The price of land spiked to \$2000.00 per acre in our area. In 1986, we bought another combine for \$100,000.00 to harvest a 1500 acre lease that we purchased. That was the last new piece of equipment our farm has purchased.

When our reliable help realized that they could make better wages with benefits in other jobs, they quit and the farm began to downsize due to shrinking margins and a shortage of dependable help. US ending wheat stocks peaked in 1985 at 1.9 billion bushels and wheat was \$3.51 on Halloween.³

The 1990's saw the emergence of a global commodities marketplace. Argentina, Brazil, Australia and Russia were gearing up to become net exporters of grain while the US export numbers began to fall off. The farm switched to survival mode, looking for more ways to cut costs. We continued the practice of repairing equipment and refining efficiency. I started taking classes at Eastern Washington University in 1998 because the farm economy looked so bleak. We had an expiring farm bill and no indication that the new one would support us any longer. The average wheat price for the next 3 years was \$3.04 per bushel. My wife took a job at the local FSA office and we enrolled 20% of the farm into the continuous CRP program. I began looking for work off the farm. As luck

³ USDA Wheat Fact Sheet, FSA

would have it, the Spokane area job market was terrible and my dad decided it was time to retire. Several of my neighbors were forced to quit farming.

In 2001 I took over the farm. By transitioning into direct seeding, consolidating machinery and incorporating—Family farms are no longer viable entities—I have been able to survive. But for how long?

This year fuel costs doubled. Fertilizer has doubled in the last four years, freight costs have soared, steel prices (machinery) have as well and the Financial Times keeps reporting on how the farm tariffs are killing the Doha round of talks—Personally, I wish the WTO would die. When you're the bargaining chip it's not a good sign.—It's obvious to me that the WTO will have more impact on creating a new farm bill than my colleagues input will.

I work six days a week, 48-50 weeks a year, averaging 70-90 hours per week. Last year, my personal adjusted gross income was \$31,700.00, or about \$9.00 per hour before taxes. That's not a very good salary for a corporate president. My wife drives a 15 year old car. I drive a 15 year old pick-up truck, we've never replaced the carpet in our house and we don't take two-week vacations. Farming is increasingly becoming a frustrating exercise in futility.

It seems the government is intent on following policy that undermines our industry. For example, 47.5 billion of the 81.7 billion 2005 US Department of Agriculture budget is spent on welfare programs, not agriculture, not to mention relief programs the prop up poor management.

As I've contemplated changes I would recommend for a new farm bill, I keep facing the fact that the current farm bill supports bad farm management. Clearly, that must

change to create fair competition between farmers. Stop protecting the unproductive producers.

Another factor is the cost disadvantages that US health, environment and safety regulations create on US agriculture that other world producers are not burdened with. It's not a question of good or bad, rather of hidden costs of production. A new farm bill should address compensation for unusual expenses incurred by governmental regulation as compared to the global community.

I am not a fan of subsidies that warp prices in the marketplace. Certainly other business sectors have undergone consolidation and survived. Telephone companies, fuel companies, grain handlers and banking are examples, but I have yet to find a successful industrial transition that didn't set its own prices. In fact, only crude oil has such an upside down pricing mechanism. Farmers need to be able to set prices for its produce not exporters. I believe that farmers have allowed exporters to become predatory towards us. Grade discounts are numerous even though the grain companies blend quality and farmers are paying for the delivery. We produce the commodity yet can't set a fair price for it because we are insulated from our customers. I want to sell my product directly to the purchasers but lack the volume needed to compete. Eventually agriculture will become consolidated with the export industry. Perhaps the new farm bill could require grain producers to enter into a market pool.

WTO is a redundant idea. We don't need a free-trade agreement with the world. It will become another giant farm bill type program that buffers market sensitivity. If free trade really works, then the marketplace will solve the problems anyway, however, it seems that we are stuck with it and with farm subsidies of some sort. The new farm bill

must develop programs like CSP and the counter cyclical payments to help efficient producers like myself weather the ups and downs of farming in the face of the WTO demands.

Farmers also need an incentive to continue making the sacrifices that we do in order to feed the world. With all the red ink in the farm budgets this fall, it's hard to think of a bright future in farming. As I contemplate an exit strategy for myself, it has become apparent that there is only one young farmer (under 40 years old) in a ten mile radius of my farm. At present, there's nobody to rent my ground to. The sons of my neighbors have been discouraged from farming and in one case forbidden to come back to the farm. The lifestyle is gone. We're at the breaking point.

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